

Potential Tourism Zone Scenarios

Scenario	BPOL Tax Before ¹	BPOL Tax After	BPOL Tax Difference	BPP Tax Before ²	BPP Tax After	BPP Tax Difference
1. New hotel with conference center & restaurant assume multi-million dollar capital investment		\$10,000 to 25,000	\$10,000 to 25,000		\$6,000 to 11,000	\$6,000 to \$11,000
2. Existing hotel with 350K capital investment assume 300k real estate improvements and 50K BPP assume 250k real estate improvements and 100K BPP	\$800 to \$3,200	<i>cannot estimate</i>	<i>N/A</i>	\$1,200 to 4,000 \$1,200 to 4,000	\$1,700 to \$4,500 \$2,200 to \$5,000	\$500 \$1,000
3. New sports facility drawing out of town teams assume multi-million dollar capital investment		\$2,500 to \$5,000	\$2,500 to \$5,000		\$1,000 to \$4,000	\$1,000 to \$4,000
4. New winery with hotel and restaurant ³ assume multi-million dollar capital investment		\$1,500 to \$2,500	\$1,500 to \$2,500		\$3,000 to \$7,000	\$3,000 to \$7,000
5. Small for-profit museum in rented venue assume maximum \$350K capital investment		\$360 to \$1,500	\$360 to \$1,500		\$3,500	\$3,500

¹ Assuming full calendar year (12 months) of operation; does not include meals or lodging taxes

² Does not include leased equipment, furniture, etc.

³ Wineries are exempt from BPOL and BPP taxes. Only the associated restaurant and hotel, if any, would pay those taxes.

The above examples were provided by the Commissioner of Revenue's Office. Scenarios 1, 3 and 4 are based upon existing industry examples and assume an investment greater than \$350,000, but in line with a range of typical projects from that type of industry.

Using Scenario 1 as an example, and holding both BPOL and BPP Tax Revenues constant, the following would apply:

	BPOL Tax Paid	Incentive
Year 1	\$10,000	(90%) - \$9,000
Year 2	\$10,000	(70%) - \$7,000
Year 3	\$10,000	(50%) - \$5,000
Year 4	\$10,000	(40%) - \$4,000
Year 5	<u>\$10,000</u>	<u>(30%) - \$3,000</u>
	\$50,000	\$28,000

	BPP Tax Paid	Incentive
Year 1	\$6,000	(90%) - \$5,400
Year 2	\$6,000	(70%) - \$4,200
Year 3	\$6,000	(50%) - \$3,000
Year 4	\$6,000	(40%) - \$2,400
Year 5	<u>\$6,000</u>	<u>(30%) - \$1,800</u>
	\$30,000	\$16,800